

STATE OF WISCONSIN
DEPARTMENT OF HEALTH AND FAMILY SERVICES
DIVISION OF MANAGEMENT AND TECHNOLOGY
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: Section 9--FMS Processing 5.2	EFFECTIVE DATE: 3/19/87
TITLE: Use of Appropriation 975 for Prompt Payment	REVISION DATE: 4/1/99
AUTHORIZED BY: Cheryl Thompson, Deputy Director	PAGE 1 OF 2

BACKGROUND

1985 Wisconsin Act 300 requires that invoices to vendors be paid within 30 days. Failure to do so will result in the payment of interest to the vendor.

Due to technical problems encountered during the processing cycle, certain invoices from vendors may not be processed in time to ensure that checks are received within the time frames established by the prompt payment legislation. However, these invoices are not being questioned regarding allowability of expense nor is there any problem with funding. In order to expedite payment of this type of invoice, these invoices may be processed through a clearing account, thus benefiting the vendor and reducing interest charges to the state.

PROCEDURES

1. Appropriation 975 may be charged for those occasions when a complex allocation process prevents the payment of an invoice within the 30 day prompt pay deadline. Contact your Lead Accountant for approval to charge the invoice to Appropriation 975. If there is a type of payment to a particular vendor that is always a problem, a blanket approval can be obtained for that vendor from the Lead Accountant. Remember to include the blanket approval communication in each voucher processed for that vendor.
2. All payments must be cleared from Appropriation 975 within 60 days of the date the invoice was keyed into the fiscal system.
3. Any amount not cleared from Appropriation 975 within the 60 day limitation, will be transferred by the Lead Accountant to that organization's operations' appropriation during quarterly reconciliation. The affected organization is responsible for submitting any adjusting entries to the clearing entries made by the Lead Accountant.
4. No expenditure can remain in Appropriation 975 at the end of a fiscal year. Consequently it is possible expenditures will need to be cleared before the end of the 60 days. Due to time constraints during the year-end reconciliation process, Lead Accountants and personnel from the institutions or divisions must work together to clear all expenditures remaining in Appropriation 975 to the satisfaction of both parties. If at year-end, the Lead Accountant clears the 975 Appropriation by charging the organization's general operation appropriation, the

organization must submit a journal voucher immediately to assure the appropriate coding prior to the close of the fiscal year.

CONTACT PERSON

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